

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
JUNE 19, 2018**

**ITEM 4**

**SUBJECT**

CONSIDERATION OF A RESOLUTION TO ADOPT THE STATE FISCAL YEAR 2018-19 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN AND REVISED FINAL GUIDELINES FOR THE SMALL COMMUNITY WASTEWATER GRANT PROGRAM, INCLUDING PROPOSITION 1 SMALL COMMUNITY WASTEWATER GRANTS

**DISCUSSION**

Federal law and regulations require the State Water Resources Control Board (State Water Board) to submit a Clean Water State Revolving Fund (CWSRF) Intended Use Plan (IUP) at least annually to the United States Environmental Protection Agency (U.S. EPA). A current CWSRF IUP is also required as part of the State Water Board's application to U.S. EPA for each CWSRF federal capitalization grant. After the state fiscal year (SFY) 2018-19 CWSRF IUP is approved by the State Water Board, the Division of Financial Assistance (DFA) will submit it to U.S. EPA as part of the federal fiscal year (FFY) 2018 CWSRF capitalization grant application.

This CWSRF IUP is also the State Water Board's business plan for administering the CWSRF Program for SFY 2018-19. It explains the funding priorities associated with the CWSRF Program, and how DFA intends to implement the CWSRF Program using the available funds and resources. The IUP discusses DFA's general funding approach, including applicable loan and principal forgiveness terms. The IUP describes the federal and state requirements associated with the Programs, and describes activities planned for SFY 2018-19 and measurements to monitor DFA's performance in administering CWSRF funds.

The CWSRF IUP also describes how DFA will coordinate CWSRF funds with other available financial and programmatic resources, including the resources provided by Proposition 1 (Prop 1), Proposition 68, and other sources of funds that may be appropriated to the State Water Board. Administering these funds in conjunction with the CWSRF Program allows them to be easily combined with low-interest debt financing available through the CWSRF Program. In particular, the CWSRF IUP incorporates the revised final guidelines for implementing Water Code Section 79723 of Prop 1, as well as additional funding sources for the Small Community Wastewater Grant (SCG) Program.

DFA has provided stakeholders and interested parties an opportunity to comment on the draft SFY 2018-19 CWSRF IUP and revised final guidelines for the implementation of SCG Program. Additionally, staff conducted three informational workshops to discuss the proposed changes in the CWSRF IUP. These workshops were held in Irvine on April 18, Oakland on April 20, and Sacramento on April 27. The Sacramento workshop was also held via a live webcast to allow stakeholders unable to attend to participate.

## **POLICY ISSUES**

Should the State Water Board adopt the SFY 2018-19 CWSRF IUP and revised final guidelines for the implementation of the SCG Program, including Prop 1 SCG?

## **REGIONAL WATER BOARD IMPACT**

Approving the SFY 2018-19 IUP will help municipalities and other eligible applicants finance projects to comply with Regional Water Quality Control Boards' (Regional Water Board) discharge requirements, address Regional Water Boards' enforcement orders, or contribute to Basin Plan goals.

## **FISCAL IMPACT**

A fiscal impact of the proposed CWSRF and SCG funding for SFY 2018-19 is included in "Section III – Program Capacity" of the SFY 2018-19 CWSRF IUP. The SFY 2018-19 CWSRF IUP describes potential financing statewide of approximately \$1.9 billion. Adoption of this resolution is necessary for the State Water Board to apply to U.S. EPA for CWSRF funding estimated at \$117 million for FFY 2018.

## **STAFF RECOMMENDATION**

The State Water Board should adopt the SFY 2018-19 CWSRF IUP and revised final guidelines for the implementation of the SCG Program, including Prop 1 SCG.

State Water Board action on this item will assist the State Water Board in achieving the policy set forth in section 106.3 of the Water Code. Specifically, subdivision (a) of that section declares it is the established policy of the State that "every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes."

State Water Board action on this item will also assist the Water Boards in reaching Goals 1, 2, 3, 4, and 5 of the Strategic Plan Update: to implement strategies to fully support the beneficial uses for all 2006-listed water bodies by 2030; improve and protect groundwater quality in high-use basins by 2030; increase sustainable local water supplies available for meeting existing and future beneficial uses by 1,725,000 acre-feet per year, in excess of 2002 levels, and ensure adequate flows for fish and wildlife habitat; comprehensively address water quality protection and restoration, and the relationship between water supply and water quality, and describe the connections between water quality, water quantity, and climate change, throughout California's water planning processes; and improve transparency and accountability by ensuring that the State Water Board's goals and actions are clear and accessible, by demonstrating and explaining results achieved with respect to the goals and resources available, by enhancing and improving accessibility of data and information, and by encouraging the creating of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute.

Finally, State Water Board action on this item will support State Water Board [Resolution No. 2017-0012](#), which was adopted on March 7, 2017 to establish a comprehensive and robust response to climate change that will support California's ongoing climate leadership. The State Water Board found that "given the magnitude of climate change impacts on California's hydrology and water systems, our response to climate change must be comprehensive and integrated into all Water Boards' actions."